

2.0 TAKEOVER

2.1 TAKEOVER REQUIREMENTS

Proposers are required to bid the Takeover of the current HCO program according to the requirements of this RFP. Takeover activities shall commence five calendar months prior to Assumption of Operations. Should the State extend the current contract, all Takeover activities shall be delayed for a commensurate period of time.

NOTE: Takeover will include the bid of a Contractor designed system that the State shall own purchase or lease for this contract.

2.2 TAKEOVER CONSIDERATIONS

The State requires an orderly Takeover that is as transparent as possible to beneficiaries and Medi-Cal managed care plans. The Contractor shall take all actions required to prepare for Operations, including the identification and rapid resolution of Takeover problems.

Major considerations during Takeover include:

1. The Contractor shall have primary responsibility for all technical processes and products required for HCO program Takeover and Assumption of Operations.
2. The Contractor shall include in the HCO program required activities and tasks.
3. The Contractor shall develop, submit to the State for prior written approval, and complete all Takeover tasks and activities in accordance with the requirements of Takeover Schedule, including, all policies, procedures, and manuals proposed for use during HCO program operation.
4. The Contractor shall submit to the State a Takeover Work Plan in accordance with the requirements established in the RFP Subsection 2.4.1 entitled Takeover Work Plan and Other Administrative Plans.

2.3 TAKEOVER SCHEDULE

The following is the overall schedule for Takeover by major deliverable, milestone and completion date. Compliance with this schedule is mandatory. The Contracting Officer must approve, in advance and in writing, acceptance of any submitted deliverables required in this schedule.

The State shall have ten (10) State business days to review each deliverable or milestone. If the State determines a deliverable or milestone requires revision, The Contractor shall have ten (10) State business days to make revisions and correct the unaccepted deliverables. If a deliverable or milestone requires revision, an additional ten (10) State business days shall be allowed for State review. For each business day the Contractor is late in submitting a specific deliverable or revised deliverable, the State shall be permitted two additional State business days to review the deliverable.

The Contractor shall allow for these turnaround times in its Takeover Work Plan for implementing or performing required Takeover activities and shall assume the State will require revisions or corrections to each deliverable.

Unless otherwise specified, all dates are from contract effective date

	DELIVERABLE/ACTION TO TAKE	COMPLETION DATE (Elapsed Time)	RFP REFERENCE
A.	TAKEOVER SCHEDULE & OTHER ADMINISTRATIVE PLANS		
1.	UPDATE TAKEOVER WORKPLAN	1 Week	2.4.1.1
a.	Submit a Gantt Chart of Takeover Work Plan	1 Week	2..4.1.1(5)
b.	Provide Project Control and Reporting System Reports	1 Week and weekly thereafter	2.4.1.2
2.	ASSEMBLE MANAGEMENT TEAM	Contract effective date	2.4.1.3
3.	SUBMIT HCO PROGRAM OPERATIONS TRAINING PLAN	2 Weeks	2.4.1.4
a.	Initiate Training	1 Month	2.4.1.4(1)
b.	Provide Training Progress Reports	6 Weeks and monthly thereafter.	2.4.1.4(2)
c.	Submit a comprehensive Training Manual	4 Months	2.4.1.4(1)
4.	UPDATE ORGANIZATION AND PERSONNEL ACQUISITION PLAN	1 Week	2.4.1.5
a.	Personnel Hired	During Takeover	2.4.1.5(1a)
b.	Update Organizational Structure Schedules Execution and Reporting	During Takeover 5 days prior to a proposed change	2.4.1.5(1b)

c.	Provide Hiring Progress Reports	1 Week and every other week thereafter	2.4.1.5(1b)
5.	SUBMIT PLAN FOR ASSUMPTION OF HCO OPERATIONS	1 Month	2.4.1.6

6.	ADMINISTRATIVE FUNCTIONS:		
a.	Submit Ownership and Control Information required by 42 CFR, Section 455.104	Prior to contract effective date	
b.	Designate Contractor Representative	Contract effective date	
c.	Submit Proof of Insurance and Bonding	Contract effective date	
d.	Submit Conflict of Interest Statement	2 Weeks	
e.	Submit 10 Copies of Updated Technical Proposal	2 Weeks after contract approval by Department of General Services	
B.	UPDATE FACILITIES ACQUISITION AND INSTALLATION PLAN	3 Weeks	2.4.1.7
1.	Occupy Temporary Sacramento Facility (Including State Staff)	2 Weeks	2.4.1.7(1)
2.	FULLY OCCUPY PERMANENT SACRAMENTO FACILITY (INCLUDING STATE STAFF)	2 Weeks prior to Start of Operations	2.4.1.7(1)
3.	OBTAIN PRESENTATION SPACE IN COUNTIES		
a.	Submit Plan for Facilities	3 Weeks	2.4.1.7(1)
b.	Occupy Space	2 Weeks prior to Start of Operations	2.4.1.7(2)
C.	SUBMIT HARDWARE AND EQUIPMENT ACQUISITION AND INSTALLATION PLAN	1 Month	2.4.1.8
1.	Install Contractor Equipment (System Testing)	1 Months and 15 days	2.4.1.8(2)
2.	Install Contractor Equipment (Acceptance Testing)	2 Months and 15 days	2.4.1.8(2)
3.	Install Contractor Equipment (all other)	4 Months and 15 days	2.4.1.8(2)
4.	Install State Equipment	Within 10 days of availability.	2.4.1.8(2)
D.	SUBMIT SOFTWARE INSTALLATION PLAN	1 Month	2.4.1.9
1.	INSTALL HCO SYSTEM SOFTWARE	1 Month	2.4.1.9(2)

2.	INSTALL ADDITIONAL APPLICATION SOFTWARE	1 Month	2.4.1.9(2)
3.	SUBMIT SOFTWARE MANUAL	6 Months	2.4.1.9(3)
E.	SUBMIT FILES INSTALLATION PLAN	5 Weeks	2.4.1.10
1.	INSTALL REQUIRED FILES	During Takeover	2.4.1.10(2)
F.	PRINTING AND PUBLICATIONS	3 Months	2.4.1.11
G.	SUBMIT CUSTOMER ASSISTANCE PLAN	2 Weeks	2.2.4.12
1.	START CUSTOMER SERVICES REPRESENTATIVE GROUP		2.4.1.12(2)
2.	OPERATIONALIZE INFORMATION SHARING/OUTREACH MATERIAL	5 Months	2.4.1.12(2)
3.	NOTIFY CONTRACTOR AND STATE STAFF OF TRAINING	30 days prior to commencement of training	2.4.1.12(2)
4.	START TOLL-FREE TELEPHONE GROUP	Prior to startup of enrollment	2.4.1.12(2)
5.	TRAINING STAFF IN PLACE (CUSTOMER SERVICES)	During Takeover	2.4.1.12(2)
6.	CONDUCT BENEFICIARY INFORMING PRESENTATION	Prior to startup of enrollment	2.4.1.12(2)
7.	START BENEFICIARY ENROLLMENT	5 Months	2.4.1.12(2)
H.	PROCEDURES DEVELOPMENT		2.4.1.13
1.	SUBMIT HCO OPERATIONS MANUAL PROCEDURES INSTALLATION PLAN	2 Weeks	2.4.1.13.1(1)
a.	Submit all Procedures Manuals (on a flow basis)	1-3 Months	2.4.1.13.1(1)
b.	Implement HCO Operations Manual Procedures	4 Months	2.3.1.13.1(2)
2.	SUBMIT SECURITY & CONFIDENTIALITY PLAN AND PROCEDURES	2 Weeks	2.4.1.13.2(1)

a.	Meet RFP Security and Confidentiality Requirements	Contract effective date	2.4.1.13.2(2)
b.	Install Security and Confidentiality Plan and Procedures Changes	When approved	2.4.1.13.2(2)
3.	SUBMIT QUALITY ASSURANCE PLAN	2 Months	2.4.1.13.3(1)
a.	Install Quality Management Program	Contract effective date	2.4.1.13.3(2)
b.	Submit Quality Assurance Procedures and Standards Manual	3 Months	2.4.1.13.3(2)
c.	Submit Problem Correction Tracking Report Design	3 Months	2.4.1.13.3(3)
4.	SUBMIT RECORDS RETENTION PLAN	2 Months	2.4.1.13.4(1)
a.	Submit Records Retention Procedures Manual	3 Months	2.4.1.13.4(2)
b.	Submit Records/Files Summary	3 Months	2.4.1.13.4(2)
c.	Submit Master Index	4 Months	2.4.1.13.4(2)
d.	Implement Records Retention Responsibilities	5 Months	2.4.1.13.4(2)
5.	SUBMIT FINANCIAL MANAGEMENT MANUAL, INCLUDING ACCOUNTING REQUIREMENTS	1 Month	2.4.1.13.5
a.	Submit Specifications and Report Layouts for Expenses and Expenditures	2 Months	2.4.1.13.5
6.	SUBMIT OTHER ADMINISTRATIVE PROCEDURES	During Takeover	2.4.1.13.6
I.	UPDATE SYSTEM TEST PLAN	3 Weeks	2.4.2.1.1
1.	COMPLETE SYSTEMS TESTING AND CERTIFY SYSTEM READINESS	2 Months 15 days	2.4.2.1.2
J.	SUBMIT ACCEPTANCE TEST SUPPORT PLAN	2 Months	2.4.3.1
1.	PERFORM ACCEPTANCE TESTING	Commence first day of Month 3	2.4.3.2

K.	ACCEPTANCE DECISION: Enrollments	Prior to startup of enrollments	2.4.3.7
L.	ACCEPTANCE DECISION: Disenrollments	Prior to startup of disenrollments	2.4.3.7
M.	ASSUMPTION OF HCO OPERATIONS		
1.	STARTUP OF ENROLLMENTS/DISENROLLMENTS	5 Months	
2.	RECEIPT OF ENROLLMENTS RESIDUAL INVENTORY	1 Week prior to start of Operations	2.4.4.1
3.	INSTALL RECORDS RETENTION RESPONSIBILITIES	5 Months	2.4.4.2(1)
4.	SUBMIT HARDWARE, EQUIPMENT, AND SOFTWARE PLAN	First day of Month 6	2.4.4.2(2)
N.	TAKEOVER COMPLETION	First day of Month 6	

2.4 CONTRACTOR RESPONSIBILITIES - TAKEOVER

The requirements discussed in this Section are listed with completion dates above. This Section provides the outline for plans the Contractor is required to either update (if required to be submitted in the Contractor's technical proposal) or originally submit during Takeover.

When an individual plan is updated during Takeover and State-approved changes are made to the scheduled tasks, the Contractor shall ensure that those deliverables, milestones and State approvals become a part of the Takeover Work Plan for Contractor payment and incorporated into the Weekly Deliverable Status (WDS) Report. If the plan is being submitted for the first time during Takeover, the schedule of tasks shall reflect what was submitted and approved in the Takeover Work Plan. Any changes or modifications shall require prior approval from the State. If approved, the changes shall be incorporated into the WDS Report within one week of approval.

2.4.1 TAKEOVER WORK PLAN AND OTHER ADMINISTRATIVE PLANS

2.4.1.1 Takeover Work Plan

1. The Takeover Work Plan shall specify, in detail, the Contractor's activities related to the requirements specified in Takeover Schedule. This work plan shall describe the Contractor's overall plan for

undertaking and completing each task and activity associated with the Takeover phase of this contract. The Takeover deliverables, milestones, and State approvals identified here correspond with the Takeover Schedule.

One week after contract effective date, the Contractor shall update and submit to the State for approval the Takeover Work Plan included in its technical proposal. This plan shall define the step-by-step approach required for the Contractor to successfully complete the entire Takeover, including but not limited to:

- a. Assumptions used in developing the schedule,
 - b. Planned activities,
 - c. Schedule of events,
 - d. Staffing levels,
 - e. Plan to ensure complete review and acceptance of each component of operation, and
 - f. Plan to ensure positive control over all aspects of the Takeover process.
2. The activities included in the Takeover Work Plan shall be explained under the Takeover tasks identified in the Takeover Phase Schedule.
 3. All work performed during Takeover shall be subdivided as follows:
 - a. Task – Major activities (as shown in Takeover Phase Schedule)
 - b. Subtasks – Groups of work packages required to complete a task; each subtask shall result in a defined deliverable or milestone.
 - c. Work Package – The smallest work effort or work increment.
 - 1) A work package should be defined by a) a description, b) an identifiable product, c) the skill/resource categories, d) the estimated resource units by skill/resource category, and e) overall duration of the activity.
 - 2) As a general rule, total resource unit estimates by skill category for a work package should not exceed 160 staff hours, and the total duration of the work package should

not exceed four weeks in duration. The State may require an explanation of any exceptions, and may deny such exception(s).

4. Contractually defined deliverables, milestones, and State approvals shall be identified.
 - a. A deliverable is a specific product the Contractor is required to submit to the State for review and approval upon completion of a task or subtask. When a deliverable is intangible, documentation shall be provided demonstrating completion. In addition to deliverables and tasks listed on the Takeover Work Schedule, all deliverables identified by the Contractor in the Takeover Work Schedule are hereby incorporated into the schedule by reference and are required for review and approval by the State.
 - b. A milestone is an important or key event to be realized or achieved by the Contractor during the course of Takeover activities, and is an acknowledged benchmark of Contractor progress and achievement during Takeover. It may be transparent (e.g., installation of files) or visible (e.g., occupying a facility). A milestone is acknowledged by the Contractor to the State via formal written letter stating the milestone achieved and the date of accomplishment. Acknowledgment by the State is required for payment purposes.
5. The Takeover Work Schedule shall demonstrate the Contractor's understanding of the tasks to be performed by the Contractor during the Takeover phase as well as the Contractor's understanding of the previous Contractor's responsibilities. Subtasks shall be sequenced and scheduled logically within each major task and a written narrative description shall demonstrate the interrelationship among all Takeover activities. Reasonable timeframes shall be provided for completion of all tasks identified as part of Takeover.
6. A Gantt (or equivalent) Chart shall be included in the updated Takeover Work Schedule that depicts all Takeover activities. This Gantt (or equivalent) Chart shall be submitted one week after contract effective date (it shall NOT be included in the technical proposal) and shall meet the following requirements:
 - a. It shall be based on Precedence Diagramming Methods graphically illustrating dependencies and precedence relationships between and among all Takeover activities.

- b. The level of detail shall be at the work package level.
 - c. The Gantt (or equivalent) Chart shall be time-phased.
 - d. The critical path shall be identified.
 - e. The interrelationship of all activities shall be identified on the chart or in a separate report defining the precedence relationships.
 - f. The chart shall be updated at the State's discretion throughout takeover.
7. The Contractor shall, in written narrative form, describe the quality management activities it shall perform during Takeover for each of the items identified in the Takeover Phase Schedule.

The quality management functions, as described in the Takeover Work Schedule submitted in the technical proposal, shall be installed at the start of the Takeover phase beginning on the contract effective date. The Contractor shall ensure that installation and implementation of all the Takeover tasks are reviewed for quality, to ensure the tasks are performed in accordance with requirements including, but not limited to System Testing being properly done and files and programs being properly installed.

2.4.1.2 *PROGRESS REPORTING PLAN*

The Contractor shall utilize a Project Control and Reporting System to advise the State and Contractor's management of progress in meeting goals and schedules contained in the work plans. This reporting mechanism shall be initiated one week after contract effective date and applied weekly thereafter. The Project Control and Reporting System shall consist of the following four elements:

- 1. Weekly progress meetings attended by the Contractor and the State. These meetings may include walkthroughs of selected parts of the Contractor's facility, as needed by State staff.
- 2. Weekly written progress reports, provided by the Contractor to the State two business days before each subsequent weekly meeting, containing items to be discussed at each meeting. The reports shall include the following items:
 - a. Attendees scheduled for an upcoming meeting.

- b. Progress of each task/activity, as applicable for that period of time.
- c. Topics of general discussion.
- d. Action items and decisions made at the previous weekly meeting.
- e. Any problems encountered, the resolution proposed for each problem, the projected completion date of each problem resolution, current/actual status of each problem resolution, and State and Contractor contacts and phone number.
- f. Planned activities for the next two reporting periods.
- g. Status of contractually defined deliverables, milestones, and walkthroughs scheduled in the Takeover Work Plan.
- h. Takeover quality assurance activities. As part of the weekly progress report the Contractor shall verify that the Takeover tasks are being installed and implemented within the required time frames and in accordance with contract provisions.
- i. A listing of missing files that should have been transferred from the previous Contractor during Takeover, and an adjunct listing of inaccurate files transferred from the previous Contractor during Takeover.
- j. Any other information deemed necessary by the Contractor or required by the Contracting Officer.
- k. A report of all deliverables, milestones or State approvals that are behind schedule.

In the event the State disagrees with the conclusions provided in the Contractor's summary, the Contracting Officer shall provide written notice of the State's conclusion to become a part of the record.

- 3. Weekly Deliverable Status (WDS) Report. This report shall include deliverables, milestones, walkthroughs, and State approvals, and shall be used by the Contractor and the State in gauging or measuring the Contractor's progress during Takeover, especially as compared to the Takeover Work Schedule; for tracking the provision to the State of Takeover deliverables; and to assist the State in determining whether Takeover invoices should be paid. The WDS Report shall be furnished to the State weekly and shall be current at the time of submittal. If

required by the Contracting Officer, the WDS Report shall be submitted not only on hard copy, but also electronically or on magnetic media in a format prescribed by the Contracting Officer. This report shall be provided to the State in two sequences (see items (a) and (c) below.) See Exhibit 2-1 for a copy of the required format for this report. The report shall contain the following information:

- a. WDS Number. This shall be the number the Contractor has assigned the deliverable/activity on the Takeover Work Schedule. Three copies of the WDS Report shall be submitted to the State in this sequence each week.
- b. Description. Brief description of the deliverable/activity.
- c. Original Due Date. Initially, this shall be the due date originally provided in the Contractor's technical proposal. Subsequent submittals in this sequence shall be by updated or most recently assigned due date. Three copies of the WDS Report shall be submitted to the State in this sequence each week.
- d. Date Delivered. Actual date deliverable was delivered to the State for review and approval.
- e. Days Late/Early. The number of days the deliverable was delivered either late (-days) or early (+days).
- f. Date Approved, Disapproved, Pended or Conditionally approved. The date the State either: approved (A), disapproved (D), pended (P), or conditionally approved (C) the deliverable.
- g. Resubmission Due Date. If disapproved, pended or conditionally approved, this field shall reflect the new due date set by the State. There will be as many entries in this column as disapprovals, pends or conditional approvals as are issued by the State.
- h. Days Late/Early. Same definition as item (e) above, but relative to item (g) above (the new due date).
- i. Date Approved, Disapproved, Pended or Conditionally approved. The date the State approves, disapproves, pends or conditionally approves the resubmitted deliverable.
- j. Remarks. Free-form comments space allowing up to 70 characters.

4. Weekly Deliverable Exception (WDE) Report.

This report shall extract those deliverables, milestones, walkthroughs, and State approvals from the WDS report that are past due. The report contents shall be sorted by due date with the oldest due date first.

2.4.1.3 Assemble Management Team

1. The Contractor shall assemble a management team as part of its technical proposal submission. The management team shall consist of the Project Director and all other individuals identified as senior management. Senior management shall be those individuals having direct managerial and administrative responsibility and control for operational areas, and who report to the Project Director. Further, any additional staff who directly report to the Project Director shall be considered senior management and subject to this section. The Contractor shall employ the management team at the beginning of Takeover. Changes in the composition of the team as contained in the Contractor's technical proposal are subject to the approval of the Contracting Officer.
2. The Contractor shall designate one individual as Takeover manager. Responsibilities of this person shall include ongoing management and overall State liaison. The manager shall be fully qualified for this position.

2.4.1.4 Training

The Contractor shall develop materials and courses to train Contractor staff and familiarize State staff with its operation. The Contractor shall develop any needed training to ensure successful Takeover as well as develop and internally distribute staff training materials as needed. The Contractor shall schedule and execute all training plans and updated training plans to fully support Takeover tasks and activities and to ensure full preparedness for the performance of all Contractor responsibilities including those specified below.

1. HCO OPERATIONS TRAINING
 - a. The Contractor shall deliver to the State for review and approval, two weeks after contract effective date, a detailed HCO Training Plan. The Contractor shall commence HCO Operations training one month after contract effective date. The Contractor shall plan to provide training that is specifically directed to ensure that all new Contractor staff can adequately perform all Contractor responsibilities. In addition, training shall

be given by the Contractor to State staff in all the major areas specified below. This training program should be developed utilizing previous Contractor-provided training; however, it shall not be wholly dependent upon that training.

The Contractor's training shall be given at the facilities provided by the Contractor in the Sacramento area.

- b. Major areas to be covered in the Contractor's HCO Operations Training Plan, and training program, shall include:
 - 1) Administrative Support Services
 - 2) Mailroom & Prescreening
 - 3) Data Entry
 - 4) Customer Assistance
 - 5) Enrollment Processing
 - 6) Disenrollment Processing
 - 7) HCO Information/Outreach Activities
 - 8) Computer and Ancillary Equipment
 - 9) HCO System Files, Programs, and Reports
 - 10) Beneficiary Mailings and Notifications
 - 11) Quality Assurance
 - 12) Security and Confidentiality
 - 13) Research and Exemption Processing
- c. The training plan shall also describe how the Contractor plans to accomplish the required Training and Development Program as required in Training-Contractor Responsibilities (Subsection 3.10.4.2).
- d. The number of State-designated staff to be trained on the HCO Operations by the Contractor shall not exceed a total of 25 persons. The Contractor shall provide facility tours, as part of HCO Operations training, for no more than a total of 25 State-designated personnel. (Note: use of the terminology "State-designated" here and elsewhere may denote Department of Health Services, other State department, federal, or other personnel designated by the State to participate in specific contract activities.)
- e. The Contractor shall, four months after contract effective date, submit a comprehensive Training Manual to create ongoing training plans for Operations that fully meet the requirements of Training-Contractor Responsibilities (Subsection 3.10.4.2)

2. TRAINING PROGRESS REPORTING

Two weeks after training begins, and once a month thereafter, the Contractor shall provide to the State a written report detailing the progress and status of actual training compared to the HCO Operations Training Plan. The Contractor shall submit status reports on all training activity reports on all training activity in the weekly Takeover status meetings.

2.4.1.5 Organizational & Personnel Acquisition

1. ORGANIZATIONAL & PERSONNEL ACQUISITION PLAN

The Contractor shall, one week after contract effective date, update its Organization & Personnel Acquisition Plan included in its technical proposal. This plan shall be comprised of the following two separate and distinct sections:

a. PERSONNEL ACQUISITION

This section of the plan shall describe the method of recruitment and selection of staff to prepare the Contractor for full operation of the HCO system. In addition to a narrative discussion, the Personnel Acquisition section of the plan shall include a Staff Loading Chart and a Gantt (or equivalent) Chart. The Personnel Acquisition section shall specifically include the following information:

- 1) A chart showing the number of staff to report to work on this contract by month and classification.
- 2) The method of hiring HCO Operations staff, including sources of recruitment and numbers employed, by functional area.
- 3) An explanation, including specific actions to be taken, of how the Contractor will assure the State that sufficiently experienced and trained personnel are available to support all Takeover tasks and begin full HCO operations without interruption of service to Medi-Cal beneficiaries, managed care plans, or the State.
- 4) A description of alternative actions, or contingency plans, if the Contractor is unable to recruit sufficient numbers of adequately trained staff for each functional, or operational area on a timely basis, or if the Contractor's original estimates are too low.

- 5) A plan for hiring all specialized trained/experienced staff, for such areas as the Toll-Free Telephone Group. The plan shall provide for hiring these staff during Takeover within the required timeframes.
- 6) A plan for recruiting and transitioning Previous Contractor employees to this contract, if applicable.

b. ORGANIZATIONAL STRUCTURE

- 1) The Organizational Structure section of the Contractor's Organization and Personnel Acquisition Plan shall provide a complete and detailed description of the organizational structure to be used by the Contractor during Takeover and Operations as well as the total staffing levels, by classification, for each organizational unit and function. If the staffing levels needed for Takeover vary throughout the Takeover Phase, variable levels shall be indicated through a written narrative description, Gantt (or equivalent) Chart and Staff Loading Chart indicating staffing by Takeover task.
- 2) Additionally, the Organizational Structure section of this plan shall include the following:
 - a. Organization charts and descriptions showing the location of the HCO Operations in the Contractor's firm
 - b. Organization charts and descriptions for all HCO Operations areas.
 - c. The functional responsibilities of each organizational unit, the delegation of responsibilities to HCO organizational units, organizational decision-making points, and unit staffing by classification shall be provided.
 - d. Complete job descriptions (specifications) for all classifications used within the organization, including job titles, functional responsibilities, and experience and education requirements.

c. SCHEDULE EXECUTION AND REPORTING

- 1) The personnel function is to be established and all hiring completed at levels at least equal to that prescribed in this RFP and in the Contractor's technical proposal during the Takeover phase.
- 2) The Contractor shall submit to the State, one week after contract effective date and every other week thereafter, or as agreed to by the Contracting Officer, a written Hiring Progress Report detailing the status and progress of the actual hiring of personnel compared with the Organization & Personnel Acquisition Plan and Staff Loading Chart submitted in the technical proposal. This shall include the number of staff who have reported and, separately, the number of staff who have accepted job offers. The first submittal of this Hiring Progress Report shall be subject to State review and approval for format and content.
- 3) The Contractor shall provide to the State, when and if the Contractor proposes organizational structure changes during Takeover, updates to the Organizational Structure section of its Organization & Personnel Acquisition Plan. These updates shall be provided to the State five days prior to such proposed change(s).
- 4) At Takeover completion, this deliverable shall become the Contractor's Operation Organization & Personnel Acquisition Plan. The Contractor shall provide the Plan and the Hiring Progress Report to the State when personnel changes occur, by the fifth of the month following the changes, and as an ongoing contract deliverable throughout the life of the contract.
- 5) In those cases where the Contractor is required to have a position(s) filled and hiring commitment has been made to fill the position(s) with a Current Contractor employee(s), the State shall work with the Contractor to establish a transfer date. If necessary, upon written request by the Contractor and written approval by the Contracting Officer, the State shall waive the hiring dates required in the RFP.

2.4.1.6 Plan For Assumption of HCO Program

One month following contract effective date, the Contractor shall submit for State review and approval its plan for Assumption of HCO Operations.

1. The Assumption Plan presented shall address specific Takeover assumption requirements and provide detailed, step-by-step procedures for each specific Takeover assumption task to demonstrate how the Contractor proposes to successfully assume complete and full operation of the HCO program.
2. Takeover assumption requirements and tasks to be addressed in this plan include, but are not necessarily limited to, those described in Assumption of HCO Program Operations, as well as any additional requirements described in this Section.
3. Specifically, the plan shall include, but not be limited to:
 - a. Assumptions used in developing the plan.
 - b. Planned activities.
 - c. Schedule of events (subdivided to the work package level).
 - d. Staffing levels and contingency plans.
 - e. Specific procedures for each activity, task, and/or functional area.
 - f. A plan to ensure complete State review and acceptance of each procedure.
 - g. A plan to ensure positive control over all aspects of the Assumption process.
 - h. Quality assurance activities.
 - i. Personnel information for approval prior to hiring candidates of the System Group.
4. The Contractor's Plan for Assumption of HCO Operations shall include written narrative descriptions, supporting documentation and detailed procedures, an installation schedule, and a Gantt (or equivalent) Chart to describe the Contractor's overall plan for undertaking and completing each task and activity associated with the assumption process. The activities identified in the Plan for Assumption of HCO Operations shall be described under each of the following assumption tasks. Quality Assurance procedures are required on all tasks below:
 - a. Startup of Enrollment/Disenrollment Processing

- 1) Preparing informing letters and materials
 - 2) Processing enrollments, disenrollments, and requests for exemption.
 - 3) Handling misdirected mail and enrollment documentation between Current Contractor and the Contractor.
 - 4) Establishing Post Office Boxes and toll-tree telephone lines.
 - 5) Accepting, installing, and processing enrollment inventory, records, and history.
- b. Startup of Presentation/Outreach and Enrollment Assistance
- 1) Negotiate new or assume current presentation site agreements.
 - 2) Negotiate new or assume other community outreach agreements.
 - 3) Inventory, assess and arrange for presentation site furniture and equipment as needed.
- c. Two-Way File Transfer and File Maintenance of Medi-Cal Eligibility Data System (MEDS)
- 1) Testing of two-way transfer of MEDS data with Information Technology Services Division (ITSD).
 - 2) Exchanging processing information/history data with Current Contractor.
 - 3) For testing purposes only, uniquely identifying Current Contractor versus Contractor file information for report production purposes.
 - 4) Producing accurate reports.
- d. Communication Links with health plans, Fiscal Intermediaries, and State staff
- 1) Establish electronic retrieval and/or data transfer method(s) and protocols for data receipt or exchange with health plans and fiscal intermediaries.
 - 2) Testing of retrieval and data transfer with plans and fiscal intermediaries.
- e. Assumption of Enrollment/Disenrollment Processing
- 1) Processing enrollments, disenrollments, and requests for exemption.
 - 2) Processing documents approved by Current Contractor.

- 3) Handling misdirected mail and documents between Current Contractor and the Contractor.
- 4) Receiving and processing all residual enrollment, disenrollment, and exemption forms at the end of current contract.
- f. Handling Beneficiary Inquiries.
- g. Transfer of current inventory, and utilization of existing HCO program materials.
- h. Assumption of materials mailing function.
- i. Assumption of materials printing function.
- j. Implementing records retention responsibilities.
- k. Implementing security and confidentiality responsibilities.
- l. Implementing quality assurance responsibilities
- m. Producing required reports.
- n. Transfer the Post Office Box(es) and postage accounts from Current Contractor at the end of the current HCO contract.
- o. Staffing requirements and contingency plans: The Contractor shall develop, secure State approval for, and implement staffing requirements and contingency plans for both outreach/enrollment assistance start-up and assumption of enrollment/disenrollment processing activities under this contract.
- p. Special beneficiary services occurring during the assumption period.
- q. Transfer of state-owned or -leased equipment.
- r. Transfer of all toll-free lines.
- s. Methods of assisting County Welfare Departments that are submitting documents to the wrong contractor or who are having difficulty determining who has their documents.
- t. Disaster , contingency, and recovery planning.

2.4.1.7 Facilities Acquisition and Installation

1. FACILITIES ACQUISITION AND INSTALLATION PLAN

The Contractor shall deliver an updated and more detailed Facilities Acquisition and Installation Plan to the State three weeks following contract effective date. The Plan shall show the planned usage of space for the Contractor's operation of the HCO program, provisions of space for up to 30 State on-site staff (including 4 manager offices, 1 conference room, and 1 server room) during both Takeover and Operations, and provision of space for all equipment. State space will be allocated, at a minimum, by State Classification Guidelines.

The Facilities Acquisition and Installation Plan shall include written narrative descriptions, supporting documentation, installation schedule and a Gantt Chart (or equivalent) detailing the installation schedule. The plan shall provide information that includes, but is not limited to:

- a. The locations of the Contractor's Sacramento area facilities, including temporary facilities, if appropriate. NOTE: This contract requires that the Contractor's Sacramento facilities, temporary as well as permanent, be located within a 30 mile radius (as determined by freeway access) of the State Capitol Building in Sacramento.
- b. The extent to which the Contractor's site(s) is/are currently under lease or ownership or planned to be leased or bought. If the site(s) is/are not currently under lease or ownership, Contractor shall, at a minimum, provide a guaranteed option on the facility(ies) including the name, address, and telephone number of the leasing or selling agent for contact by the State. Temporary Sacramento facility(ies) shall be obtained by the Contractor, if necessary, and be available for occupancy by the State and Contractor, if necessary, two weeks after the contract effective date. Any change in facility(ies) location from that which the Contractor specified in its technical proposal shall be subject to prior written approval of the Contracting Officer.
- c. A description of the modifications which must be made to the Sacramento facility(ies), a schedule for completing those modifications, and the actions taken by the Contractor to ensure that this schedule is met. This shall address at a minimum:
 - 1) Installation of raised floors
 - 2) Installation of special computer electrical equipment

- 3) Installation of computer air conditioning and cooling systems
 - 4) Installation of telecommunications (both data and voice) lines
 - 5) Installation of special fire systems that will not damage electronic equipment
 - 6) Major facilities installation milestones
 - 7) Americans with Disability Act (ADA) requirements.
- d. Certification that the Contractor has verified that electrical, telecommunications, and phone service can be provided to the Contractor facility(ies) and onsite State offices in order to adequately support HCO system operation.
 - e. Interdependencies with other Takeover tasks and contingencies for problems and delays. The Contractor shall describe how it shall utilize space to support Takeover activities including any temporary space needed for Contractor and State staff and how space needed shall be handled for each Takeover task.
 - f. Allocated space by function, including State space and a secured independently air-conditioned server room.
 - g. Accessibility to on-site operations.
 - h. Access to telephone, workstation, and electrical power.
 - i. Available parking, including State visitor and disabled parking spaces.
 - j. A description of the regional presentation sites proposed for this contract, and the Contractor's schedule for their occupation.

2. PLAN EXECUTION

The Contractor's permanent facility and regional presentation sites shall be completely operable two weeks prior to the start of Operations. Until the permanent facility is installed, HCO program Takeover activities may take place in temporary facilities. Until the permanent facility is installed, the Contractor shall have available, in Sacramento,

sufficient space to perform its Takeover activities including all testing and staff training responsibilities.

All State liaison and planning activities shall take place in Sacramento. The Contractor shall comply with all requirements as defined in On-site Audit and Monitoring Staff (Section 6.41) for the provision of facilities and equipment for State staff, with temporary space available for State Takeover and Acceptance Test staff, two weeks after contract effective date, and full State space available no later than two weeks prior to the start of Operations. The State shall be able to move into the permanent Contractor facility at the same time as does the Contractor's Takeover and Operations staff.

2.4.1.8 *Hardware and Equipment Acquisition and Installation*

The State intends that the existing computer hardware, telephone hardware and network, and Local Area Network hardware and connected computers shall be available to the Contractor. A detailed description of this equipment and upgrades is included in the data library for this procurement. The computer hardware shall be available to the Contractor at the beginning of Takeover; all remaining State owned equipment shall be made available as it becomes available from the Current Contractor. In the event the contractor elects to use this equipment, the Contractor's Hardware Acquisition and Installation Plan shall describe the Contractor's plan for installing and preparing for Operations using the State-supplied equipment.

In the event that the Contractor determines that this equipment is not suitable or sufficient, the Contractor shall develop a Hardware and Acquisition Plan that complies with paragraphs 1 and 2 below. Any costs for installation of State-owned equipment, or acquisition and installation of Contractor-acquired equipment, shall be included in Contractor's bid price for Takeover.

1. *HARDWARE AND EQUIPMENT ACQUISITION AND INSTALLATION PLAN*

The Contractor shall submit for State review and approval a detailed Hardware and Equipment Acquisition and Installation Plan one month following the contract effective date. The plan shall describe the on and off site hardware/equipment and the installation of the hardware/equipment to support the HCO program. The plan shall describe all terminals, key entry devices, telecommunications equipment, microfilming equipment, and any other data processing peripheral devices and State cost reimbursable equipment. The plan at a minimum shall describe:

- a. A configuration schematic showing all hardware and communication networks.
- b. All hardware including quantity, model number, manufacturer, new or used equipment, capacity available to support the HCO processing system (if equipment is proposed as a shared environment) and expansion capability related to HCO processing.
- c. A projected reduction or increase in the proposed hardware and equipment based on a reduction or increase in HCO enrollment/disenrollment volume ranges (i.e., high, medium, and low).
- d. A projected response time using the proposed configuration and the HCO processing system environment which complies with the response time requirements in Contractor Responsibilities – Disaster Prevention (Subsection 3.9.2). Statistics shall be provided to the State by the Contractor to support this projected response time calculation.
- e. Industry rating of proposed hardware.
- f. The installation dates, order points, and projected critical path of the Hardware and Equipment Acquisition and Installation Plan to support all Takeover tasks and begin operation of the HCO processing system. This shall show a phase-in of sufficient equipment to support each Takeover task, and the facility in which the equipment will be installed shall be specified.

This shall include equipment necessary for System Testing (to be installed one month and 15 days after contract effective date), equipment necessary for Acceptance Testing (to be installed two months and 15 days after contract effective date), and equipment needed for staff training (to be installed prior to training). All equipment shall be installed no later than 4 months and 15 days after the contract effective date.
- g. Plans for State telecommunication network switch-over from Current Contractor to the Contractor.
- h. Contingency plans for acquisition and installation of all hardware and equipment in case of schedule slippage.
- i. Backup and recovery facilities and equipment in the event of facility or equipment failure.

- j. The maintenance contracts/agreements in detail for all proposed hardware and equipment; including the level, number, and availability of maintenance personnel, and whether maintenance personnel are on-site or on-call (if on-call, give maximum response times).
- k. Additionally, the Hardware and Equipment Acquisition and Installation Plan shall identify the Contractor's acquisition and installation plan for non-data processing equipment. At a minimum the plan shall describe:
 - 1) All types of equipment required;
 - 2) Purchase orders or proposed delivery dates;
 - 3) Installation dates; and
 - 4) Interdependencies with other Takeover tasks and contingencies for problems or delays in deliveries or installations.

2. PLAN EXECUTION

a. DATA PROCESSING HARDWARE

The Contractor shall obtain and install all equipment required for Takeover, and assumption of the HCO Program Operations without interruption of service to beneficiaries and the State. Time shall be allowed for System and Acceptance Testing and training of State staff prior to the point of Operations.

b. EQUIPMENT

The Contractor shall obtain and install all necessary equipment to support the Takeover and assumption of the HCO Program Operations without interruption of service to managed care plans, Medi-Cal beneficiaries, and the State. Equipment shall be installed, as needed, to support each Takeover task. Equipment required for System Testing shall be installed and operational one month and 15 days after contract effective date and the equipment shall be identified in the Contractor's System Test Plan. Equipment needed for Contractor Acceptance Test support to the State shall be installed and

operational two months and 15 days after contract effective date; this equipment shall also be identified in the Contractor's Acceptance Test Support Plan. All equipment needed for staff training shall be installed prior to that training. All HCO Program equipment shall be installed no later than four months and 15 days after contract effective date unless specifically exempted in writing by the Contracting Officer.

- c. The Contractor shall obtain and install, two months after contract effective date, a data telecommunication link between the Department's Information Technology System Division (ITSD) and the Contractor's computer to access the MEDS data in ITSD.

2.4.1.9 Software Installation

The Contractor shall submit for State review and approval a Software Installation Plan one week following the contract effective date,

1. SOFTWARE INSTALLATION PLAN

- a. The plan shall describe the operating system and licensed system software proposed to support the HCO Program Operations, as well as the proposed installation schedule for such system software. The plan shall include:
 - 1) License arrangements, purchase orders, delivery dates, and installation dates;
 - 2) All system software products;
 - 3) Versions and release dates;
 - 4) IBM compatibility that interfaces with State systems and compatibility with the HCO processing system;
 - 5) Use Information Technology Standards;
 - 6) Utilize Department standards for the term of the contract;
 - 7) Product support agreements;
 - 8) Purpose of the products;
 - 9) Installation dates;

- 10) Industry ratings of software;
 - 11) Minimum qualifications of system software support staff; and
 - 12) Interdependencies with other Takeover tasks and contingencies for problems and delays with acquisition and installation of software.
- b. The plan shall further describe the Contractor's installation plan for the HCO processing system software. The plan shall specifically address HCO Program Operations and shall describe, at a minimum:
- 1) Installation dates;
 - 2) Tasks and resources allocated;
 - 3) Provisions for walkthroughs with State-designated personnel during Takeover;
 - 4) Interdependencies with other Takeover tasks and contingencies for software installation and/or operational problems and delays;
- c. The Software Installation Plan shall also describe the Contractor's installation plan for any additional applications software. Such software includes that software which the Contractor considers necessary to successfully operate the HCO processing system and is not currently part of the system. The plan shall describe, at a minimum:
- 1) Description of the software;
 - 2) Any development effort required on the Contractor's part;
 - 3) Any development effort required on the State's part;
 - 4) Installation dates;
 - 5) Tasks and resources allocated;
 - 6) Provisions for walkthroughs with State-designated personnel during Takeover;

- 7) Interdependencies with other Takeover tasks and contingencies for problems or delays with additional application software acquisition and installation;
- 8) Design, development and testing of such software, if applicable; and
- 9) License arrangements.

2. SOFTWARE INSTALLATION

a. HCO PROCESSING SYSTEM SOFTWARE

The Contractor shall supply and fully install automated system software to support and operate the HCO Program in its own facility one month after contract effective date. The Contractor shall be responsible for, and make all changes necessary to maintain, the HCO processing system in compliance with Medi-Cal Health Care Options Program policy and procedures as directed by the Contracting Officer from that date forward.

b. ADDITIONAL APPLICATIONS SOFTWARE

The Contractor shall obtain, or design and develop and install, any other applications software necessary to operate the HCO processing system one month after the contract effective date. Any necessary new development shall be as transparent as possible to Medi-Cal beneficiaries, providers, and State users. The resulting software shall be installed and utilized by the Contractor only after written State approval is secured.

3. The Contractor shall submit to the State, one month following Contractor Assumption of HCO Program Operations, a Software Manual for review and approval.

2.4.1.10 File Installation

1. FILE INSTALLATION PLAN

The Contractor shall submit for State review and approval a File Installation Plan five weeks after contract effective date. The plan shall, at a minimum, describe:

- a. Installation dates for each file;

- b. Availability of computer hardware and system software to enable installation;
- c. Storage media for files;
- d. Interdependencies with other Takeover tasks and contingencies for problems or delays. This shall include the files needed to support each Takeover task, including System Testing, Acceptance Testing and the various components of the startup of the enrollment/disenrollment functions.

2. PLAN EXECUTION

The Contractor shall install all data files necessary to take over operation of the HCO Program no later than three days after receipt of same by the Current Contractor. Test files shall be made available to the Contractor for testing prior to the required installation date. The Contractor shall accept, install, and utilize State supplied files for Acceptance Testing. The Contractor shall be responsible for installing and updating the specific files prior to the startup of HCO processing functions. The following files require special consideration:

- a. The Contractor shall maintain its own history files beginning with the startup of enrollment processing. The Contractor shall accept and install the history files from the Current Contractor one-week prior to the startup of enrollment processing.

The Contractor shall accept and install all data files and records of all enrollments/disenrollments authorized by the Current Contractor immediately prior to the startup of enrollment processing. The Contractor shall then use this file for editing new enrollment/disenrollment requests to avoid duplicates after the start of enrollments processing.

- b. As defined by the State, the Contractor shall provide appropriate reports identifying data files.

2.4.1.11 *Materials Development & Production*

1. The Contractor shall employ a sufficient number of staff that must have an appropriate level of expertise to perform the required beneficiary outreach/information sharing, printing, and publications activities. The printing and publications operation shall have sufficient trained staff to handle all of Takeover printing and publications requirements and needs and shall be fully staffed and operational prior to the startup of enrollments processing. Fully operational is defined as being able to meet all Takeover requirements as well as the requirements in Operations of this RFP. Additionally, the Contractor shall have a Contingency Plan to be followed should staffing during Takeover prove inadequate for the Contractor to meet all of its contractual requirements.

2. HCO PROGRAM FORMS

No later than three months following contract effective date, the Contractor shall :

- obtain subcontracts for HCO Program forms to be printed by subcontractors or;
- demonstrate the ability to print specific forms that will not be subcontracted

No later than four months after contract effective date, the Contractor shall have an adequate supply of these forms to perform the internal operations of the HCO Program prior to the startup of enrollments processing.

2.4.1.12 *Customer Assistance*

1. CUSTOMER ASSISTANCE PLAN

The Contractor shall deliver to the State a Customer Assistance Plan two weeks after contract effective date. This plan shall include written narrative descriptions, detailed procedures, an implementation schedule, and a Gantt (or equivalent) chart demonstrating how the Contractor shall prepare during Takeover to meet the Operations responsibilities of Customer Assistance (Section 3.5).

This plan shall describe, in detail, the Contractor's procedures, tasks, activities, and staffing for all Customer Assistance functions, to ensure Contractor compliance with contract requirements.

The plan shall also identify anticipated problems (including staffing), and include a Contingency Plan for each identified problem. The Contractor shall follow the Contingency Plan in the event staffing during takeover proves inadequate for the Contractor to meet all of its contractual requirements.

2. PLAN EXECUTION

a. CUSTOMER ASSISTANCE STAFFING

- 1) The Contractor shall ensure that presentations, outreach, and enrollment assistance functions are fully staffed and operational at the start of enrollment/disenrollment processing.
- 2) Customer Assistance including the toll-free telephone lines shall be fully staffed and operational at the startup of enrollment/disenrollment processing (fully operational is defined as meeting all Takeover requirements as well as the requirements of Customer Assistance (Section 3.5).
- 3) The Contractor shall ensure that all necessary telecommunication systems and equipment are installed and fully operational prior to startup of enrollment/disenrollment processing activities.
- 4) The Contractor shall ensure that the beneficiary inquiries and notification for denied enrollment requests process is operational at the startup of enrollment/disenrollment processing.
- 5) The Contractor shall ensure that the Research Unit is fully operational prior to startup of enrollment/disenrollment processing activities.

2.4.2 PROCEDURES DEVELOPMENT

This Subsection describes procedures that must be developed or revised by the Contractor. Existing procedures are available in the Data Library.

2.4.2.1 *Installation of HCO Program Operations Manual Procedures*

1. MANUAL PROCEDURES INSTALLATION PLAN

- a. Two weeks following the contract effective date, the Contractor shall submit to the State an HCO Operations Manual Procedures Installation Plan. Each procedure manual referenced in Procedure Manuals and Operations which is not otherwise specifically required to be updated or developed elsewhere within this Chapter shall be updated or developed, as needed, pursuant to this Section. Each new or revised manual shall result in a Takeover deliverable requiring written State approval and shall be added, along with the State approval, to the Contractor's Takeover Work Plan.
- b. The plan shall, at a minimum, provide for a review of each existing procedure manual, to determine:
 - 1) If each is appropriate and workable for the Contractor's operation of the HCO processing system;
 - 2) If the existing procedures shall enable the Contractor to accomplish all contractual responsibilities;
 - 3) If any modification of existing, development of new, or consolidation of existing procedure manuals is necessary; and
 - 4) In detail, how the review shall meet requirements of this Section.

2. PLAN EXECUTION

- a. Upon State approval of the Contractor's HCO Program Operations Manual Procedures Installation Plan, the Contractor shall utilize its plan to make any needed modifications to existing operating procedures and document its manual procedures in new or updated procedure manuals. Each new or updated manual shall reflect how the Contractor is meeting any new or changed requirements for HCO Program Operations included in this RFP. With each submission the Contractor shall include appropriate summary pages indicating the changes made to the existing manual. The Contractor shall deliver on a flow-basis, for State approval, such new and revised procedures and manuals. All manuals shall be delivered no earlier than one

month nor later than three months after the contract effective date.

- b. Any changes to existing procedures shall be transparent to system users and be approved, in writing, by the State prior to implementation. The procedures and manuals shall be cross-referenced to the RFP, the Contractor's technical proposal, and other applicable State directives (e.g., contract amendments). The Contractor shall ensure that:
 - 1) The manuals are submitted to the State on a flow-basis, in a reasonable and orderly manner.
 - 2) The State-approved HCO Program Operations manual procedures and manuals are completed four months after contract effective date, unless otherwise specified in this RFP;
 - 3) The Contractor's employees and State staff are trained in the use of manuals;
 - 4) Ten copies, or fewer if specified by the Contracting Officer, of approved manuals are distributed to State users at no cost to the State as directed by the Contracting Officer; and
 - 5) Those procedures are followed in operating HCO processing system and accomplishing all Contractor responsibilities.

2.4.2.2 Security and Confidentiality

1. SECURITY AND CONFIDENTIALITY PLAN

Two weeks after contract effective date, the Contractor shall submit to the State for review and approval, a Security and Confidentiality Plan and associated procedures meeting the requirements of Security and Confidentiality (Subsection 3.8.2) and Disaster Prevention (Subsection 3.9.2). This plan shall incorporate a Backup and Recovery Plan with detailed procedures.

2. PLAN EXECUTION

The Contractor shall implement the Quality Assurance requirements of Operations, as it relates to Security and Confidentiality, on the contract

effective date. Additionally, the Contractor shall treat all data supplied by the State during HCO system testing as “confidential” subject to protection identified in the Security and Confidentiality Plan. Upon receipt of State approval of the Security and Confidentiality Plan, the Contractor shall implement any procedural modifications.

2.4.2.3 *Quality Assurance*

1. QUALITY ASSURANCE PLAN

Two months after the contract effective date, the Contractor shall update and submit for State review and approval, the Quality Assurance Plan provided in its technical proposal. This plan must meet all the requirements specified in Quality Assurance Activities (Subsection 3.7.2) and Problem Correction System (Subsection 3.7.3).

2. PLAN EXECUTION

The Contractor shall implement the Quality Assurance requirements of Operations on the contract effective date. The Quality Assurance Plan procedures shall be written into a Quality Assurance Procedures and Standards Manual to be made available for State review and approval three months after the contract effective date. These procedures and standards shall be installed five months after the contract effective date.

3. PROBLEM CORRECTION TRACKING REPORT

The Contractor shall develop, and submit for State review and approval no later than three months after contract effective date, a Problem Correction Tracking Report that shall be used by Contractor staff to input all initial problem statement information, and shall be used as a tool to document the status of all problem statements to final resolution. This report shall provide weekly, monthly and on-demand reports on all problem statements tracked in the system. The report shall be designed to be run in two sequences: the first by problem statement date, and the second by problem type (e.g. reporting problem, erroneous default assignment, etc.). This report shall follow a similar format as the report provided in the OMCP Data Library including all reporting elements.

2.4.2.4 *Records Retention*

1. RECORDS RETENTION PLAN

Two months after the contract effective date, the Contractor shall submit its Records Retention Plan for State review and approval. This plan shall describe the procedures to be followed in order to execute the Contractor's record retention responsibilities. A definition of the records subject to these procedures is contained in Records Retention and Retrieval (Subsection 3.10.6). This plan shall include, but is not limited to:

- a. A description of the Contractor's procedures to ensure the preservation, protection, and maintenance of all records which are a part of, or result from, the Contractor's HCO Program operations under this contract or have been transferred to the Contractor.
- b. The procedures the Contractor shall undertake in order to ensure the production of acceptable copies of records that have been converted to microfilm/microfiche.
- c. A description of the procedures the Contractor shall utilize to provide access, retrieval and certification of records services. This portion of the Contractor's plan shall describe the design and compilation of a Master Index to assist in the location and retrieval of records.
- d. The name of the specific office or position within the Contractor's organization that shall be responsible for executing the Contractor's records retention responsibilities.

2. PLAN EXECUTION

- a. Three months after the effective date of this contract, the Contractor shall prepare and deliver to the Contracting Officer a copy of the procedure manual required in Records Retention and Retrieval.
- b. Four months after the effective date of this contract, the Contractor shall deliver to the Contracting Officer a copy of the Master Index to HCO Program records. The Master Index shall list at least all items under the custodianship of the Contractor, their volume, their medium, and whether they are complete in terms of the period of time required to be covered in Records Retention and Retrieval.
- c. The Contractor shall implement its records retention responsibilities beginning with the startup of enrollments

processing five months after the contract effective date, and shall perform the responsibilities of custodianship of records transferred to it. A complete description of these responsibilities is contained in Records Retention and Retrieval (Subsection 3.10.6).

- d. The Contractor shall develop and submit for written approval by the Contracting Officer a Records/Files Summary that shall include a brief description of all records and/or files maintained under this contract. The first Records/Files Summary shall be delivered to the State three months after contract effective date. Upon approval of the Contracting Officer, the Summary shall be maintained, updated, produced, and resubmitted to the State for approval on a quarterly basis.

2.4.2.5 Financial Management Manual

1. One month after the contract effective date, the Contractor shall submit the Financial Management Manual, which shall meet the requirements of Financial Reporting Requirements (Section 6.38). Included in this Manual shall be:

- a. Accounting Requirements

The Contractor shall submit accounting procedures and processes for meeting the requirements of Financial Reporting Requirements (Section 6.38). These procedures and processes shall also classify expenses by Takeover, Operations, Change Orders, Proposer Initiated Innovations, and Turnover. Each of these major classifications of expenses shall be further broken down by:

- 1) Personnel time reporting
- 2) Ordering and paying for goods and services
- 3) Cost accounting services
- 4) Allocation of expenses not totally dedicated to this contract
- 5) Accounting ledgers

2. Two months after contract effective date the Contractor shall submit updated specifications and report layouts for both the Estimated

Expenses and Actual Expenses Reports, as specified in Terms & Conditions (Subsections 6.39.5 and 6.39.6)

2.4.3 OTHER ADMINISTRATIVE PROCEDURES

The Contractor shall develop other administrative procedures required to take over the contract and perform Operations; these include but are not limited to such areas as budgeting, financial, personnel, and computer operations. All administrative procedures required for assumption and operation of the HCO Program shall be submitted for approval during Takeover.

2.5 STATE RESPONSIBILITIES -TAKEOVER

1. POLICY DEVELOPMENT

The State shall develop and clarify Medi-Cal HCO policy when needed.

2. STATE MONITORING

The State shall oversee the Contractor's Takeover effort. The State shall review and approve changes to the Takeover task schedule and review and approve Takeover deliverables and milestones. During Takeover (including startup of enrollments processing), weekly status and review meetings shall be held jointly with representatives of the State and the Contractor, in accordance with the requirements of this Chapter.

2.6 SYSTEM TESTING

2.6.1 CONTRACTOR RESPONSIBILITIES

2.6.1.1 System Test Plan

1. The System Test Plan, submitted as part of the technical proposal, shall describe the method(s) of testing all manual and automated segments of the HCO processing system and shall include scheduled test dates. System testing of the HCO processing system shall progressively test each program (unit test), and each job structure, within the HCO system.
2. The Contractor's System Test Plan submitted in its technical proposal shall:

- a. Clearly define, uniquely identify, and independently schedule each test to be performed.
 - b. Develop and describe a method to conduct two parallel tests of the HCO enrollment and disenrollment processing functions. The Contractor shall conduct the second test during the State Acceptance Test period. The results of these tests shall be reviewed by the State and shall serve as input to the State's Acceptance Test decisions on Contractor readiness to assume full operation of the HCO Program.
 - c. Define System Test documentation standards; provide for inclusion of initial and subsequent test results and storage of all test documentation in a central location in a manner easily accessible and retrievable by State monitoring staff.
 - d. Relate tests to HCO Program system design documentation.
 - e. Review manual, clerical, and operating procedures. Validate Quality Assurance procedures for setting accuracy and error levels and for monitoring compliance.
 - f. Validate control procedures.
 - g. Identify the number, classification, and names of key staff responsible for each test, including Contractor staff responsible for communication with the State during System Testing.
3. Three weeks after contract effective date, the Contractor shall update and submit to the State for review and approval the System Test Plan from its technical proposal and provide greater detail to include actual test situations.
 4. The Contractor's updated System Test Plan submitted to the State for review and approval three weeks after contract effective date shall specify the criteria the Contractor shall use in determining the completion of each System Test activity.

2.6.1.2 Plan Execution

1. The State approved System Test Plan shall be executed by the Contractor with the participation of State staff. The Contractor shall accommodate 5 onsite State staff during System Testing. The State intends to utilize experience from System Testing to streamline and

enhance subsequent State Acceptance Testing of the Contractor's operation of the HCO Program.

2. The Contractor shall execute the State-approved System Test Plan, make corrections, and keep the State informed on the status of all tasks and activities identified in the plan. During System Testing the Contractor shall:
 - a. Execute tests with predetermined sets of data; track processes performed; and verify actual, against expected, results.
 - b. Validate the operating environment of the HCO processing system;
 - c. Confirm operating performance;
 - d. Verify that Contractor processing times meet State requirements;
 - e. Execute each job in the HCO processing system to verify clarity of operating procedures;
 - f. Use actual enrollment/disenrollment data during System Testing;
 - g. Test generation of all HCO Program reports;
 - h. Simulate disaster conditions and execute recovery procedures;
 - i. Conduct weekly walkthroughs for State staff in Sacramento and, at the same time, discuss and identify:
 - 1) areas of unacceptable performance,
 - 2) corrective action(s) to be taken, and
 - 3) areas where performance is acceptable;
 - j. Develop methodologies and procedures for identifying and tracking areas of unacceptable performance and the corrective action process(es) applied to performance deficiencies. These methodologies and procedures shall include steps for State review and approval during the problem identification/tracking and corrective action processes, and provisions for daily written notification to the State when problems are identified; and

- k. Walkthroughs and documentation from the Contractor-executed System Testing shall thoroughly show the results of each Test and shall be submitted to the State within one week of the Test. Additional documentation and related materials requested by the State shall be provided within 24 hours after the request.
- 3. Inconclusive or incomplete areas of System Testing identified by the State shall be resolved by the Contractor prior to State Acceptance Testing.
- 4. By the end of two months and 15 days after the contract effective date, and before State Acceptance Testing, the Contractor, through written notice to the State, shall:
 - a. Certify preparedness to begin full HCO Program Operations, and to begin startup of enrollment/disenrollment processing five months after the contract effective date.
 - b. Provide a detailed report supporting the readiness of the HCO processing system for State Acceptance Testing and detailing System Test results.
- 5. If System Testing is not approved by the State, the Contractor shall continue its System Tests as directed by the State.
- 6. Completion of System Testing is subject to written State approval. The Contractor may continue System Testing after the date of Contractor certification to the State of readiness of the HCO processing system for State Acceptance Testing, and/or the date of written State approval of Contractor completion of System Testing. Any changes made by the Contractor shall be identified and systems tested following the rules and guidelines of System Testing and moved into Acceptance Testing after approval by the State.
- 7. All deficiencies found by the Contractor during System Testing, shall be fully documented by the Contractor to the Contracting Officer. All known deficiencies shall be corrected prior to completion of System Testing.

2.6.2 SYSTEM TESTING-STATE RESPONSIBILITIES

The State shall approve, if acceptable, a System Test Plan which shall provide for adequate and comprehensive System Testing of the HCO processing system.

The State may participate in System Testing and assist in identifying deficiencies, and shall review and approve Contractor preparedness, if acceptable, for State Acceptance Testing. The State desires to be able to closely review the Contractor's system test and results and use these results to determine the Contractor's readiness for assumption of HCO processing.

2.7 ACCEPTANCE TESTING

2.7.1 ACCEPTANCE TEST SUPPORT PLAN

1. Two months after contract effective date the Contractor shall submit an Acceptance Test Support Plan to the State for review and approval. (The State's Acceptance Test Plan shall be made available to the Contractor 45 days after contract effective date, and the Contractor's Acceptance Test Support Plan shall accommodate requirements included in the State's plan).
2. The Contractor's Acceptance Test Support Plan shall describe the HCO Operations Acceptance Test support that the Contractor shall provide to the State based on the Contractor responsibilities described in this Section. For each Test described below, the Contractor resources allocated to the test shall include staffing by organizational unit, computer hardware, and support equipment, etc. The Acceptance Testing shall be conducted at facilities within a 30 mile radius (as determined by freeway access) of the State Capitol Building in Sacramento.
3. The Contractor's Acceptance Test Support Plan shall include a full description of how the Contractor shall perform and fulfill its backup and recovery responsibilities in compliance with all requirements of this RFP.

2.7.2 GENERAL REQUIREMENTS

1. Beginning on the first day of the third month after contract effective date, the State shall conduct comprehensive Acceptance Testing to ensure that: the Contractor is adequately prepared for assumption of full HCO processing system operations, and for the startup of enrollments processing five months after the contract effective date.
2. The Contractor shall execute all State Acceptance Tests as directed by the State. Acceptance Testing of both manual and automated processes shall be comprehensive based on the following objectives:

- a. Ensure that integrity has been maintained with regard to established standards and acceptable data processing techniques.
 - c. Ensure a smooth transition of HCO Program at assumption of HCO processing functions.
 - d. Ensure that the Contractor's operation of the HCO Program is ready for startup of enrollment processing at the start of Operations.
 - e. Identify where the HCO Program operation does not conform to Medi-Cal HCO policies and procedures in order to ensure correction of any system deficiencies.
3. A minimum two-month period is scheduled for State Acceptance Testing. State Acceptance Testing shall immediately follow completion of System Testing, certification by the Contractor that the HCO Program is ready for Acceptance Testing, and State review of the Contractor's System Test results. The Contractor shall accommodate 10 on-site State staff during State Acceptance Testing.

2.7.3 ACCEPTANCE TESTING TASKS

1. Acceptance Testing criteria shall be defined by the State, but shall not necessarily be shared with the Contractor.
2. The State shall develop a detailed Acceptance Test Plan (including timeframes for each task).
3. The State shall prepare comprehensive Acceptance Test cases and describe expected results. Test documents developed from the test cases shall be provided to the Contractor.
4. The Contractor shall, for the entire Acceptance Test period as well as the Operations period of the contract:
 - a. Provide a separate test environment for Acceptance Testing purposes;
 - b. Process test beneficiaries' enrollment to various managed care plans for Acceptance Testing purposes only;
 - c. Create and maintain test history files for beneficiaries for Acceptance Testing purposes only; and

- d. Create Acceptance Test reference files as needed for testing, and modify these files through Acceptance Test change requests.
5. The Contractor shall review the State's Acceptance Test Plan and shall ready all elements of facilities, staff, software, hardware, and other resources required for State Acceptance Testing prior to the start of Acceptance Testing.
6. The Contractor shall perform Acceptance Testing functions as directed by the State within the time frames established by the State. The Contractor shall maintain open communication with the State during Acceptance Testing, and shall provide walkthroughs to State staff, on specified tests, upon request.
7. The Contractor shall deliver or make available to the State all Acceptance Test documentation, including files and reports necessary to validate test results. These materials shall be provided to the State no later than one working day following test execution. The Contractor shall provide the State each week a list of such test documentation.
8. The Contractor shall permit the State to observe the tests, analyze results, and document any problems that are found.
9. The Contractor shall respond to, and correct, all problems identified by the State (see Acceptance Test Evaluation Response, for information about correction of deficiencies). The Contractor shall repeat acceptance tests until criteria defined by the State are satisfied.
10. Upon satisfactory completion of Acceptance Testing, the State shall approve full operation of the HCO Program by the Contractor and shall retain Acceptance Test documentation for future reference. The State may approve portions of the HCO Program for Operations and require additional testing of the remaining functions.
11. Upon completion of Takeover Acceptance Testing, the Contractor shall maintain the Acceptance Test environment to reflect those of the production environment. These Acceptance Test files, programs, etc., shall be used to conduct Acceptance Testing of all system changes that occur during the Operations period of this contract.

2.7.4 ACCEPTANCE TEST STRUCTURE

1. All manual and automated segments of the Contractor's operation of the HCO Program shall be thoroughly Acceptance Tested with the same equipment, environment, and procedures that the Contractor shall use for full Operations.
2. Contractor staff with appropriate classifications and training to support HCO Program testing shall be in place prior to the start of State Acceptance Testing. Supervisory, management, or technical staff may not be used for manual processing activities.
3. Contractor staff shall be required to demonstrate adequate proficiency in performing assigned tasks. The State shall prepare a checklist of HCO Program Operations tasks to be demonstrated.
4. The Contractor shall perform volume and stress tests as directed by the State to demonstrate the ability to process expected HCO operational workloads accurately within prescribed timeframes.
5. Where resources permit, tests shall be scheduled concurrently so that State Acceptance Testing can progress more rapidly.
6. The State shall take the primary role in the evaluation of Acceptance Testing. The Contractor shall participate in the evaluation as directed by the State. The evaluation process shall compare expected results against the actual test results.
7. The Contractor shall permit State staff to access any HCO Program facility, equipment, software, files, and other materials covered by this contract, in support of any tasks related to HCO program testing. Such access shall include the use of on-line access to any HCO Program related information.
8. The State reserves the right to:
 - a. Reduce the scope of State Acceptance Testing if the Contractor can adequately demonstrate preparedness for HCO Program Operations; or
 - b. Expand levels of testing where the State determines additional testing is needed.
9. The Contractor shall assume and submit its bid based on the State relying heavily upon a detailed analysis of the results by the Contractor.

10. The State intends to continue HCO program Acceptance Testing after the start of HCO Program Operations and after the assumption of enrollment/disenrollment processing activities until all testing deficiencies identified during Acceptance Testing have been resolved. The Contractor shall provide all necessary support for Acceptance Testing during this period. The Contractor shall be responsible for correcting the deficiency.

2.7.5 SELECTED ACCEPTANCE TESTS

Selected test shall be incorporated into State Acceptance Tests and shall be structured as follows:

2.7.5.1 Contractor Staff Proficiency Test

1. The State shall provide the Contractor with no more than 1,000 hardcopy documents to be processed for this Staff Proficiency Test. The documents shall include a wide variety of documents normally processed through the HCO system. All HCO components are to be tested including but not limited to electronic file processing, forms processing, mailhouse operations, call center operations, presentations, and generation of reports. The Contractor's staff shall demonstrate proficiency in all areas of the HCO process including verification of results. The contractor shall develop a plan and submit it to the State for approval of how each of these areas shall be tested and the results measured.
2. The Contractor's staff shall demonstrate proficiency in corresponding with beneficiaries and State staff in a variety of situations.
3. Assumptions:
 - a. Key Contractor staff from each organizational unit shall be allocated for this test.
 - b. Sufficient Contractor staff of adequate HCO processing proficiency shall be available to ensure test completion within three days.
 - c. Sufficient computer hardware and support equipment shall be allotted to ensure rapid turnaround for this test.
 - d. This test shall include both manual and automated processes.

- e. This test shall be considered fulfilled if completed on a timely basis and State evaluation shows that expected results were achieved. The State may repeat this test if results are not satisfactory.

2.7.5.2 Security and Confidentiality Test

1. The Contractor shall demonstrate how the security and confidentiality factors contained in the Security and Confidentiality Plan and procedures have been met. The Contractor shall visibly demonstrate, to the State, the existence of these factors within the Contractor's facilities.
2. Assumptions:
 - a. The State shall prepare a comprehensive checklist of factors from the Security and Confidentiality Plans.
 - b. The Contractor shall provide walkthrough to State staff on all security and confidentiality factors.
 - c. The Contractor shall provide a facility tour for State staff to demonstrate all visible security factors.
 - d. The Contractor shall apply corrective action(s) to any security and confidentiality factors the State determines to be inadequate.
 - e. This test shall be considered fulfilled if completed on a timely basis and State evaluation shows that expected results were achieved. The State may repeat this test if results are not satisfactory.

2.7.6 ACCEPTANCE TEST EVALUATION RESPONSE

1. Each problem identified by the State shall be described in a System Variance Report (SVR) or Request for Information/Clarification (RIC) report, which shall be assigned and logged using unique control numbers for reference. The State shall include appropriate information to identify where the problem occurred and explain differences between expected and actual results.

2. The Contractor shall provide the State with a written response to each SVR/RIC within two business days, unless otherwise approved by the State.
 - a. The response shall include:
 - 1). A summary analysis of the SVR/RIC,
 - 2). Programs which are affected, and
 - 3). A time frame for correction and resolution of each problem.
 - b. The State shall:
 - 1). Review and approve/disapprove the proposed resolution, and
 - 2). Determine the priorities for any corrections to the HCO System.
3. All deficiencies found during State Acceptance Testing shall be corrected prior to the start of HCO Operations, unless otherwise approved by the Contracting Officer. The Contracting Officer shall review those deficiencies caused by the incorrect computer applications of policy. If any of these deficiencies is determined by the Contracting Officer to be a State responsibility, the Systems Group shall make the correction. Otherwise, the Contractor shall be responsible for correcting the deficiency.
4. The Contractor shall, at the State's option, be required to repeat specified State Acceptance Tests as a result of modifications applied by the Contractor in the resolution of SVRs/RICs.

2.8 ACCEPTANCE DECISIONS

1. Prior to the start of Contractor operation of the HCO Program, which begins with start-up of Contractor enrollment/disenrollment processing five months after the contract effective date, the State shall use Acceptance Test results to determine if the Contractor is ready to begin enrollments/disenrollments processing. If the Contractor is not ready, Acceptance Testing and Contractor corrective actions shall continue. If, in the State's sole judgment, the Contractor is not ready to begin the startup of enrollment processing or is likely not to be ready for Assumption of HCO Operations, the startup of enrollment/disenrollment processing shall be delayed for whatever

period of time is needed for the Contractor to pass State Acceptance Testing.

2. Written State approval of Contractor readiness for both startup of enrollment/disenrollment processing and full Assumption of Operations shall be provided to the Contractor prior to beginning each phase.
3. After the State's decision, the Contractor shall notify beneficiaries, County Welfare Departments, and managed care plans through State approved information sharing and outreach media about the State's decision and submission requirements.

2.9 ASSUMPTION OF HCO PROGRAM OPERATIONS

This Section discusses the transfer of HCO Program enrollment/disenrollment processing responsibilities to take place during the Assumption time frame and defines the timeframe for the overlapping processing periods of this RFP and Current Contractor's responsibilities under the current contract.

2.9.1 *STARTUP OF ENROLLMENT/DISENROLLMENT PROCESSING*

One week prior to the start of the Operations Phase, the Contractor shall receive all inventory and data files pertaining to activities of the Current Contractor. The Contractor shall process all enrollments/disenrollments received from then forward.

The Contractor shall receive and process misdirected mail that belongs to Current Contractor.

The Contractor shall accept responsibility for the Post Office boxes one week prior to the startup of enrollment/disenrollment processing, and shall ensure that managed care plans and beneficiaries are informed of any changes.

The Contractor shall accept responsibility for the toll-free telephone numbers one day prior to the assumption of HCO Operations.

2.9.2 *ADDITIONAL CONTRACTOR RESPONSIBILITIES*

1. Beginning with startup of enrollment/disenrollment processing, five months after contract effective date, the Contractor shall also: install record retention responsibilities and functions.

2. The Contractor shall submit to the State, one month following Contractor Assumption of HCO Program Operations, an updated Hardware, Equipment and Software Plan for review and approval.

2.10 TAKEOVER COMPLETION

The Takeover Phase shall be considered completed and the Contractor responsibility accomplished upon the conclusion of the following items:

1. Complete implementation of all plans required in Takeover;
2. The Contracting Officer's acceptance of all deliverables;
3. Correction of all errors/deficiencies identified during Acceptance Testing, and verification of such corrections by the State;
4. Assumption of operation of the full HCO Program and system for all enrollment/disenrollment activities;
5. Receipt of all residual inventory and residual records from Current Contractor and the initiation of processing that inventory and storage of all records for retrieval; and
6. Receipt and installation of all data files produced by Current Contractor during Turnover.